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中國通海國際金融有限公司

CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

**MAJOR TRANSACTIONS
EXTENSION OF LOAN
AND
GRANT OF CALL OPTION**

Financial Adviser to the Company



**中國通海企業融資
CHINA TONGHAI CAPITAL**

THE AMENDMENT AND RESTATEMENT AGREEMENT

On 29 July 2020, the parties to the Original Facility Agreement entered into the Amendment and Restatement Agreement in respect of the extension of the repayment date of the Loan by 12 months to the Maturity Date and the amendment of certain terms of the Original Facility Agreement.

THE DEED OF CALL OPTION

On the same day, in connection with the Amendment and Restatement Agreement, the Grantor, HGH, the Agent and the Grantees entered into the Deed of Call Option, pursuant to which the Grantor has agreed to grant the Grantees the Call Option over all shares of CGA at the total consideration of HK\$1.00. The Call Option is exercisable if the Borrowers fail to irrevocably pay all outstanding amount owed by the Borrowers on the Maturity Date in full.

LISTING RULES IMPLICATIONS

The Extension constitutes provision of financial assistance under the Listing Rules. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Extension exceeds 25%, the Extension constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

Pursuant to Rule 14.74(1) of the Listing Rules, given the exercise of the Call Option is not at the sole discretion of the Company, the transactions contemplated under the Deed of Call Option shall be classified as if the Call Option had been exercised. As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Grant of Call Option exceeds 25% but less than 100%, the Grant of Call Option constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, the controlling Shareholder, which is interested in approximately 72.51% of the issued share capital of the Company, has given the written approval of the Transactions and such written approval has been accepted in lieu of holding a general meeting for the approval of the Transactions pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Transactions will be convened and held.

A circular will be despatched to the Shareholders by no later than 23 September 2020 setting out, among others, details of the Amendment and Restatement Agreement, the Deed of Call Option and other information.

BACKGROUND

Reference is made to the announcement of the Company dated 28 August 2017 in relation to the Original Facility Agreement entered into among China Tonghai Securities, other Lenders, the Borrowers, the Guarantors and the Agent, pursuant to which the Original Lenders agreed to provide the Borrowers the Facility in an aggregate amount of HK\$5,810,000,000.

A loan of HK\$5,810,000,000 was drawn on 1 September 2017 by the Borrowers under the Original Facility Agreement which matured on 2 September 2019. The participation of China Tonghai Securities under the Original Facility Agreement was HK\$500,000,000, representing the Participation Percentage of approximately 8.61%. In 2018, China Tonghai Holdings entered into a transfer agreement with China Tonghai Securities, pursuant to which China Tonghai Securities has agreed to transfer by novation to China Tonghai Holdings the loan commitment (the participation of China Tonghai Securities), being part of the total commitment under the Original Facility Agreement which was entered into amongst the Original Lenders, the Borrowers, the Guarantors and the Agent on 28 August 2017. Following several repayments made by the Borrowers, the total outstanding principal amount of the Loan is HK\$3,108,486,752.64 as at the date of this announcement, of which HK\$267,511,768.44 is attributable to China Tonghai Holdings.

Pursuant to the Original Facility Agreement, all Original Lenders may by notice to the Borrowers extend a date falling 12 months after the maturity date of the Loan.

On 29 July 2020, the Lenders, the Borrowers, the Guarantors and the Agent entered into the Amendment and Restatement Agreement in respect of the extension of the repayment date of the Loan by 12 months to the Maturity Date and the amendment of certain terms of the Original Facility Agreement.

On the same day, in connection with the Amendment and Restatement Agreement, the Grantor, HGH, the Agent and the Grantees entered into the Deed of Call Option, pursuant to which the Grantor has agreed to grant the Grantees the Call Option upon the terms and subject to the conditions as set out in the Deed of Call Option over all shares of CGA.

THE AMENDMENT AND RESTATEMENT AGREEMENT

The principal terms of the Amendment and Restatement Agreement are set out below:

Date

29 July 2020

Parties

- (i) China Tonghai Holdings, as one of the Lenders;
- (ii) other Lenders;
- (iii) HGH and Huge Auto, as the Borrowers;
- (iv) National Holdings and Mr. Huang, as the Guarantors; and
- (v) BOCI Leveraged & Structured Finance Limited, as the Agent.

The Loan

The total outstanding principal amount of the Loan as at the date of the Amendment and Restatement Agreement is HK\$3,108,486,752.64.

The outstanding principal amount owing to China Tonghai Holdings is HK\$267,511,768.44.

Maturity Date

2 September 2020

Interest rate

12% per annum on and after 3 September 2019 and may increase in respect of early repayment obligations subject to the terms and conditions of the Amendment and Restatement Agreement and the interest rate shall not in any event exceed 18% per annum.

Payment of interest

If the Facility or any part thereof is prepaid prior to the Maturity Date, the Borrowers shall pay on such prepayment date the total amount of interest accrued on the amount of the Loan so prepaid from 2 September 2019 to the date of prepayment.

Default interest

The Agent (acting on the instructions of the Lenders) agrees to waive the payment of part of the outstanding default interest of HK\$430,654,045.46 payable from 19 October 2018 to 2 September 2019.

Agent fees

The Borrowers shall pay to the Agent (for its own account) a non-refundable fee of HK\$23,658,879.04 in accordance with the payment schedule set out in the Amendment and Restatement Agreement.

Conditions precedent

The Amendment and Restatement Agreement shall be conditional upon the Agent having received all of the necessary documents in form and substance satisfactory to all of the Lenders.

Save as disclosed above, the Amendment and Restatement Agreement and the Original Facility Agreement shall be read and construed as one instrument and save as amended, all other terms and provisions of the Original Facility Agreement shall remain in full force and effect.

THE DEED OF CALL OPTION

Set out below are the principal terms of the Deed of Call Option:

Date

29 July 2020

Parties

- (i) China Tonghai Holdings, as one of the Grantee;
- (ii) Other Lenders, as Grantees;
- (iii) Huge Auto, as the Grantor;
- (iv) HGH; and
- (v) BOCI Leveraged & Structured Finance Limited, as the Agent.

Subject matter

The Grantor has agreed to grant to each of the Grantees an irrevocable right to purchase from the Grantor and to require the Grantor to sell to each of the Grantees, all (but not part) of the corresponding number of Option Shares together with all related rights during the Call Option Period (the “**Call Option**”) at the total consideration of HK\$1.00.

Option Shares

The Option Shares are 100% share capital of CGA. CGA holds 100% equity interest in CGA Mauritius, which hold 1,621,932,099 shares of the PRC Listco as at 29 July 2020.

Option period

The Grantees shall have the right to exercise the Call Option within two years after the Deed of Call Option becoming effective (the “**Call Option Period**”), provided that the Borrowers fail to irrevocably pay all outstanding amount owed by the Borrowers under the Amendment and Restatement Agreement on the Maturity Date in full.

Exercise price

On the exercise of the Call Option by the Grantees, the Grantees shall be bound to purchase and the Grantor shall become bound to transfer the Option Shares then held by the Grantor to the Grantees, at a consideration (the “**Exercise Price**”) payable by each Grantee, equal to the corresponding Participation Percentage of the aggregate amount of outstanding amounts owed by the Borrowers and the Obligors payable to such Grantee and the Agent.

Following exercise of the Call Option, the Exercise Price payable by such Grantee under the Call Option shall set off automatically against the corresponding Participation Percentage of the total outstanding amount of the Loan owed by the Borrowers and the Obligors payable to such Grantee and the Agent, and no further amount is payable by the Grantee to the Grantor as the exercise price of the Call Option.

For any transfer of Option Shares to each of the Grantees pursuant to the Call Option, any declared but unpaid dividends to which the Grantor is otherwise entitled in respect of the Option Shares subject to the Call Option shall be transferred with the Option Shares, and no additional consideration is payable by any Grantee for such declared but unpaid dividends on or after completion of the transfer of the Option Shares.

Exercise of the Call Option

Upon exercise of the Call Option by the Grantees, approximately 8.61% of the Option Shares will be transferred from the Grantor to China Tonghai Holdings.

Lapse of the Call Option

The Call Option may only be exercised once and the Call Option not exercised shall lapse and cease to have any further effect on the expiration of the Call Option Period.

REASONS FOR AND BENEFITS OF ENTERING THE TRANSACTIONS

The granting of loans is one of the principal businesses of the Group. The terms of the Amendment and Restatement Agreement and the Deed of Call Option were arrived after arm's length negotiations. China Tonghai Securities and China Tonghai Holdings are subject to the same terms as other Lenders. Additional interest income will be generated to the Group as a result of the Extension. Taking into account the value of the shares of the PRC Listco indirectly held by the Grantor, the Directors consider that the Deed of Call Option allows China Tonghai Holdings and other Grantees to receive the Option Shares as an alternate settlement of the Loan in the event that the Borrowers fail to pay all outstanding in full on the Maturity Date.

Taking into consideration of the aforesaid, the Directors consider that the terms of the Amendment and Restatement Agreement and the Deed of Call Option are fair and reasonable and the Transactions are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing and money lending services, insurance broking and wealth management services; (ii) corporate finance advisory and general advisory services; (iii) fund management, discretionary portfolio management and portfolio management advisory services; (iv) financial media services; and (v) investing and trading of various investment products.

Each of China Tonghai Securities and China Tonghai Holdings is a wholly-owned subsidiary of the Company.

INFORMATION ON THE AGENT, THE OBLIGORS AND THE LENDERS

The Agent is a company incorporated in Hong Kong with limited liability whose principal business is the provision of structured financing services.

HGH is a company incorporated in Hong Kong with limited liability whose principal business is investment holding, the shares of which are wholly-owned by National Holdings.

Huge Auto is a company incorporated in the British Virgin Islands with limited liability whose principal business is investment holding, the shares of which are wholly-owned by HGH.

National Holdings is a company incorporated in the British Virgin Islands with limited liability whose principal business is investment holding, the shares of which are wholly-owned by Mr. Huang, a PRC resident.

CGA is an exempted company incorporated in the Cayman Islands with limited liability whose principal business is investment holding, the shares of which are wholly-owned by Huge Auto.

CGA Mauritius is a private company limited by shares incorporated under the law of Mauritius whose principal business is investment holding, the shares of which are wholly-owned by CGA.

Other Original Lenders comprise of financial institutions and entities incorporated in the PRC, Hong Kong or British Virgin Islands. Two intermediate holding companies of the Company collectively holds approximately 6.94% interest in Minsheng Bank, which in turn owns approximately 63.25% interest in CMBC, one of the Lenders. Mr. Lu is a non-executive director and the Vice-Chairman of Minsheng Bank.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, each of the Agent, the Obligors, other Lenders and their respective ultimate beneficial owners are Independent Third Parties.

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A circular will be despatched to the Shareholders by no later than 23 September 2020 setting out, among others, details of the Amendment and Restatement Agreement, the Deed of Call Option and other information.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Agent”	BOCI Leveraged & Structured Finance Limited, a company incorporated in Hong Kong with limited liability and the agent of the Original Lenders
“Amendment and Restatement Agreement”	the amendment deed dated 29 July 2020 entered into among the Lenders, the Borrowers, the Guarantors and the Agent to extend the maturity date of the Loan from 2 September 2019 to the Maturity Date together with other amendments
“Board”	the board of Directors
“Borrowers”	HGH and Huge Auto
“Call Option”	as defined in the section headed “The Deed of Call Option” in this announcement

“Call Option Period”	as defined in the section headed “The Deed of Call Option” in this announcement
“CGA”	China Grand Automotive Group Limited, an exempted company incorporated in the Cayman Islands with limited liability
“CGA Mauritius”	China Grand Automotive (Mauritius) Limited, a private company limited by shares incorporated under the law of Mauritius
“China Tonghai Holdings”	China Tonghai Capital (Holdings) Limited, a direct wholly-owned subsidiary of the Company, a company incorporated in Hong Kong with limited liability
“China Tonghai Securities”	China Tonghai Securities Limited (formerly known as Quam Securities Company Limited at the time of entering into the Original Facility Agreement), an indirect wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability and a corporation licensed to carry out Type 1 regulated activity (dealing in securities), Type 2 regulated activity (dealing in futures contracts), Type 4 regulated activity (advising on securities), Type 6 regulated activity (advising on corporate finance) and Type 9 regulated activity (asset management) under the SFO
“CMBC”	CMBC Capital Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1141)
“Company”	China Tonghai International Financial Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 952)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Deed of Call Option”	the agreement entered into among the Grantor, HGH, the Agent and the Grantees in respect of the Call Option
“Director(s)”	the director(s) of the Company
“Extension”	the extension of the repayment date of the Loan to the Maturity Date and the amendment of certain terms of the Original Facility Agreement by the Amendment and Restatement Agreement

“Exercise Price”	as defined in the section headed “The Deed of Call Option” in this announcement
“Facility”	a loan facility in an aggregate amount of HK\$5,810,000,000 under the Original Facility Agreement
“Grantees”	China Tonghai Holdings and the other Original Lenders, as grantees of the Call Option
“Grant of Call Option”	the grant of the Call Option by the Grantor to the Grantees pursuant to the Deed of Call Option
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Huang and National Holdings
“HGH”	Huge Group Holdings Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huge Auto” or “Grantor”	Huge Auto Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are not connected with (within the meaning of the Listing Rules) and is/are independent of the directors, chief executives and substantial Shareholders of the Group or any of their respective associates
“Lenders”	the Original Lenders and any bank, financial institution, trust, fund or other entity which has become a lender pursuant to the Amendment and Restatement Agreement, which has not ceased to be a party to the Amendment and Restatement Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the outstanding amount of the loan under the Original Facility Agreement
“Maturity Date”	the maturity date of the Loan after the extension of the repayment under the Amendment and Restatement Agreement, being 2 September 2020

“Minsheng Bank”	China Minsheng Banking Corp., Ltd., a joint stock limited company incorporated in the PRC, the shares of which are listed on the main board of the Stock Exchange (stock code: 1988) and the Shanghai Stock Exchange (stock code: 600016)
“Mr. Huang”	Mr. Huang Chusheng (黃楚生)
“Mr. Lu”	Mr. Lu Zhiqiang (盧志強), the ultimate controlling Shareholder
“National Holdings”	National Holdings Group Company Limited, a company incorporated in the British Virgin Islands with limited liability
“Obligors”	the Borrowers, the Guarantors, CGA, CGA Mauritius and any of their respective subsidiaries from time to time and “Obligor” mean each one of them
“Oceanwide Holdings IF”	Oceanwide Holdings International Financial Development Co., Ltd. (泛海控股國際金融發展有限公司), a company incorporated in the British Virgin Islands with limited liability
“Option Shares”	all shares of China Grand Automotive Group Limited wholly-owned by the Grantor subject to the Deed of Call Option
“Original Facility Agreement”	the original facility agreement dated 28 August 2017 entered into among the Original Lenders, the Borrowers, the Guarantors and the Agent in relation to the provision of the Facility
“Original Lenders ”	the original lenders under the Original Facility Agreement
“Participation Percentage”	the respective proportion of the participation or outstanding principal amount of the Loan owned to each Grantee as recorded by the Agent expressed as a percentage of the total outstanding principal amount of the Loan pursuant to the Amendment and Restatement Agreement
“PRC”	the People’s Republic of China
“PRC Listco”	China Grand Automotive Services Group Co., Ltd, a joint stock limited company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600297)
“SFO”	the Securities & Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the issued ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transactions”	the transactions contemplated under the Amendment and Restatement Agreement and the Deed of Call Option (including the Extension and the Grant of Call Option)
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“%”	per cent

On behalf of the Board
China Tonghai International Financial Limited
HAN Xiaosheng
Chairman

Hong Kong, 29 July 2020

As at the date of this announcement, the Board of the Company comprises:

Executive Directors:

Mr. HAN Xiaosheng (*Chairman*)
 Mr. ZHANG Bo (*Deputy Chairman*)
 Mr. ZHANG Xifang
 Mr. FENG Henian
 Mr. LIU Hongwei
 Mr. Kenneth LAM Kin Hing

Independent Non-executive Directors:

Mr. Roy LO Wa Kei
 Mr. KONG Aiguo
 Mr. LIU Jipeng
 Mr. HE Xuehui
 Mr. HUANG Yajun

Non-executive Directors:

Mr. LIU Bing
 Mr. ZHAO Yingwei
 Mr. ZHAO Xiaoxia